STATEMENT OF MARION C. BLAKEY, ADMINISTRATOR OF THE FEDERAL AVIATION ADMINISTRATION, BEFORE THE AVIATION SUBCOMMITTEE OF THE HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE ON DELAY REDUCTION EFFORTS
SEPTEMBER 9, 2004

Chairman Mica, Mr. De Fazio, Members of the Subcommittee:

Good morning. It is a pleasure to be here today to testify on our delay reduction efforts, particularly at Chicago's O'Hare International Airport. It is an opportune time for this hearing now that the summer travel season is waning, and we can assess how our aviation system performed. Last May, I discussed the outlook for the summer months, and I reported that we had taken the necessary steps to be ready for the challenges of aviation returning to full strength. I am happy to report that the FAA worked very closely with the industry to attempt to stay ahead of the seasonal surge.

Secretary Mineta and I wish to commend the airlines and airport community for answering our call to work together. Collaboration in managing air traffic has been highly effective during the spring and summer months. The joint effort we made earlier this year under the "Growth without Gridlock" initiatives paid off. It wasn't easy, but working together brought good results.

This was particularly true with the challenges presented by congestion at Chicago's O'Hare airport. This morning I would like to briefly describe the agreement that Secretary Mineta and I reached last month with air carriers at O'Hare to *voluntarily* adjust their schedules to deal with the delays at O'Hare. I believe that this success is another example of the benefits that collaboration with our transportation partners can bring to the traveling public. I want to also discuss some of our broader, system-wide efforts to address the capacity challenges we face because we recognize that the long-term solution to delays is to increase capacity and not to reduce demand.

We all know that O'Hare plays a key role in our National Airspace System. It is the world's busiest airport, and serves as a barometer for the system as a whole. Impacts in Chicago can trigger delays at airports across the country. The long-term solution to delays at Chicago requires more capacity at O'Hare and in the region. However, in the short term, until greater capacity can be realized or flights are shifted from O'Hare to

other area airports, we must balance the needs of the market with the need to move air traffic within the system safely and efficiently.

As you know, two of the largest carriers in the industry, American and United, each have hubs at O'Hare. Together, they currently account for 86 percent of the flights. With the phase-out of the slot rule at Chicago in July of 2002 (a rule that had been in place since 1969), the broad economic recovery and the restructuring of the hub-and-spoke carriers placing greater emphasis on regional jets, delays began increasing in 2003 as carriers substantially increased their scheduled operations at O'Hare. The decrease in on-time performance from October to November 2003 was unmistakable. Prior to November 2003 the on-time performance percentage at O'Hare ranged from the mid-70s to the mid-80s. In November, it plummeted to an on-time arrival of 60 percent. To put this in context, the FAA's system-wide on-time arrival goal is 82 percent—a goal we would have a much better chance of meeting but for the situation at O'Hare. I would also note that the delays experienced at O'Hare were worse this past year than in 2000, which was the season of frustration for the flying public that led to proposals for a "Passenger Bill of Rights".

Given the impact that O'Hare has on the efficiency of the entire airspace system, Secretary Mineta and I took action in January of this year to ensure the efficient use of the navigable airspace. At that time, we considered convening a meeting of the carriers at O'Hare to address overscheduling under the authority granted by Congress in *Vision 100*. However, such a meeting was ultimately not necessary then because we also sought, separately, and received from United and American voluntary reductions in their proposed schedules. Just as importantly, they also adjusted flights in peak periods so that scheduled arrivals were generally within the airport's good weather capacity limits. These cuts—5 percent in March and another 2.5 percent in June—and accompanying hourly limitations were incorporated into orders issued by the FAA. But even after those cuts, there were about 200 more daily scheduled flights compared to June 2003.

Our modeling (factoring out weather) shows that these voluntary reductions increased on-time arrivals at O'Hare somewhat. Without them, delays this summer would have been significantly worse. Despite this progress, the situation was still tenuous due to a number of factors. Flights added during peak periods by other carriers

offset a portion of the reductions by American and United. Also, the temporary reductions were due to expire on October 31st, and the airlines had indicated in the Official Airline Guide for November 2004 that they would add new flights and alter arrival times on existing flights resulting in much greater congestion and potential gridlock. For example, there were to be 132 scheduled arrivals in the 6 p.m. hour, 32 more than can be accommodated under the best airport acceptance rate at O'Hare. As the summer progressed, we became increasingly concerned that it was unlikely that the earlier reductions would continue beyond the October expiration time without a more comprehensive agreement. In fact, our computer modeling predicted a 23 percent increase in delay levels above the current levels once the current orders expired, if we had not taken action.

For these reasons, on August 4th, at the Secretary's direction, I convened a meeting, pursuant to the authority granted to us by *Vision 100,* of the domestic scheduled air carriers that operate at O'Hare. The City of Chicago also participated in the meeting process and filed comments with the FAA. Except for Canadian air carriers which are treated in a similar fashion as U.S. air carriers for general slot allocation issues, foreign air carriers were not included because the number of their flights are limited, have been relatively stable for the last several years, and are largely fixed for the upcoming winter season. Before the meeting, in accordance with the terms of the *Vision 100* authority, we proposed a delay reduction target of 86 scheduled arrivals per hour with no more than 22 such arrivals in any 15-minute period. This target level was based on airport performance data during peak periods from November 2003 to May 2004 when the airport was scheduled at or above its maximum capacity, and a review of all carrier schedules at the airport. We also hoped to preserve opportunity for competition from new entrants and smaller carriers. In addition, we reviewed several years of unscheduled and scheduled flight data to ensure we had an accurate picture of the airport's capabilities.

Two weeks of difficult, but ultimately successful negotiations, followed. As I noted earlier, the aviation community has established a good track record for collaboration. And that was proven once again. That is because it is in our mutual interest to work together to find flexible solutions that take into account everyone's

needs. Basically, we want the same thing: safe and efficient transportation for the flying public. Make no mistake, the Secretary and I were prepared to act unilaterally if we were not able to reach agreement, but, thanks to the air carriers involved, an agreement was reached.

On August 18th, in Chicago, Secretary Mineta and I announced the negotiated agreement among all scheduled domestic and Canadian carriers serving O'Hare. Beginning November 1st, the carriers agreed to voluntarily limit their schedules during peak hours–7 a.m. and 8 p.m.--to an overall rate of 88 scheduled arrivals per hour. Although this number is a bit higher than our proposed target, we ultimately agreed with the public and industry input we received, which contended that 86 was too low. We also cautiously agreed to accept an even higher arrival limit in the 8 p.m. to 9 p.m. since that is near the end of the service day and delays would not be as long before recovery. We plan to monitor this schedule and make revisions if necessary.

Under the agreement which is set out in an order we issued on August 18, both United and American will make substantial adjustments in their schedules, smoothing out the hourly arrival rate. United will also reduce 20 arrivals while American will reduce 17 incoming flights between noon and 8 p.m. Other domestic carriers serving O'Hare will limit their respective scheduled arrivals to current levels or, in some cases, reschedule arrival times to less congested periods. This is a significant part of the agreement—one that was lacking in the FAA orders issued earlier this year. There will be additional *unscheduled* arrivals allowed per hour (up to 4) to accommodate military, general aviation, cargo and charter operations, which will bring the total limit to 92 arrivals per hour during peak times. This new target will bring schedules more in line with O'Hare's current capacity and is expected to cut the average amount of time lost due to queuing delays by 20 percent, based on our computer modeling.

To preserve access to O'Hare and ensure competition, the agreement also allows new entrants and those carriers already serving O'Hare with eight or fewer scheduled arrivals to add flights up to a total of eight during the restricted period of the day, but including no more than one arrival from the busiest period of noon to 9 p.m. All additions would be subject to prior FAA approval and will be handled on a first-come, first-served basis. In addition, Secretary Mineta and I recognize the criticality of

preserving access to O'Hare for small communities and have encouraged carriers, in adjusting their schedules in accordance with the agreement, to consider preservation of service to these communities. The carriers are the ones that make the decisions on how they will reduce or adjust their flight schedules, but I can assure you that we will be monitoring these changes.

The net effect of this agreement is that O'Hare Airport and the entire aviation system will run more smoothly and efficiently. The additional flight reductions during the noon to 8 p.m. hours and the de-peaking throughout the day will bring us to an overall arrival rate that everyone can work with. I would note, however, that because there are still many more flights operating throughout the day as a whole, we do not anticipate a full return to the on-time rates we enjoyed in October 2003. We always remain concerned about excessive delays on individual flights – that is, when flights are delayed over two hours, which is infrequent but causes major disruptions and severe passenger inconvenience. Under the new agreement, we foresee a 34 percent reduction in the number of flights delayed more than two hours due to over-scheduling. This is real progress for anyone who has experienced such delays in the past.

I believe that congratulations are in order to all the parties who participated in the negotiations. However, I have not officially adjourned the August meeting, so that if implementation questions arise before the agreement goes into effect in November we can meet with the affected parties. At the same time, I want to sound a note of caution—the agreement extends only through April 2005. This new agreement is only a temporary, short-term solution to O'Hare's congestion problems. Hopefully, our recent success will establish a lasting precedent of cooperation and collaboration as we move toward the next phase.

I must emphasize that the agreement to limit arrivals at O'Hare during peak periods does not solve the long-term capacity issues. As you know the City of Chicago is proposing a reconfiguration of O'Hare under an initiative called the O'Hare Modernization Program (OMP). This proposed project is large and complex and has a long and, admittedly, controversial history. Nevertheless, the City is working hard to complete the necessary planning and to help the FAA complete the necessary airspace and environmental studies. So far the FAA has issued $14.8 million in AIP grant funds

to the City for planning and preparation of an environmental impact statement (EIS) by the FAA. To make sure that the FAA exercises its oversight responsibilities consistently and efficiently, early last year I established a special office in our Great Lakes Region that is responsible for integrating all FAA activities associated with this effort. We have held public and community outreach sessions and have employed environmental streamlining initiatives to speed the review process. As a result, we are on schedule to have a draft EIS available in February 2005 and intend to issue an EIS Record of Decision by September 2005. We are also working with the State of Illinois on their proposal to establish a new South Suburban Airport located near Peotone. Planning and an EIS are currently under way for that project as well.

These capacity projects, even if ultimately approved, will take several years to complete. The City of Chicago's OMP proposes the first of four runways (two new and two reconfigured) to be commissioned as early as 2007 and a second in 2009, each providing incremental capacity gains. Full implementation of the proposed OMP, and the realization of the full capacity gains of that initiative, is estimated to take approximately 10 years. Thus, all parties recognize that we must devise interim measures for delay reductions at O'Hare pending outcome of the Federal environmental decision on the proposed OMP and reasonable alternatives.

I see a number of options in the interim. After all parties have had an opportunity to evaluate the agreement's effect on congestion and scheduling, it is possible that the parties will agree to extend it. It is also possible that the FAA will need to issue a rule that can govern O'Hare until capacity gains can be realized. The specifics of an interim rule, if a rule is necessary, would be a subject of public comment, study and analysis early next year. We are mindful of the need for early action given the fact that carriers must plan their flight schedules well in advance of the April 30th expiration of the current Order. We will of course keep the Committee informed of any action we propose.

While O'Hare is a critical part of our aviation system and requires particular attention, I would also like to take a moment to briefly remind the Members that we are working on several levels to address the needs of the system as a whole. Our efforts are

described in the FAA's Flight Plan and the Operational Evolution Plan (OEP). The Flight Plan currently links our activities through 2008 to our budget requests. Beyond the Flight Plan, the OEP is a rolling ten-year plan looking at our capacity and efficiency plans out to 2014. Looking even further into the future, the Joint Planning Development Office (JPDO), authorized by *VISION 100*, is crafting a plan for the Next Generation Air Transportation System to meet air traffic demand in the long-term, out to 2025.

The OEP's objective is to add capacity enhancements that will accommodate a 30 percent increase in demand over the ten-year period. Since the plan's inception in 2001, there has been a 6.5 percent increase in effective capacity (i.e., the amount of traffic that can be handled within a 14 minute delay) due to OEP activities and industry changes. To promote further progress, the OEP identifies specific strategies for addressing known or projected capacity problems. The OEP also tracks 35 airports that have the greatest number of operations and are heavily traveled because OEP activities at these airports will have the greatest positive effect on the system.

New runways are expected to account for a significant part of the overall capacity gain. In the last five years, eight new runways have opened at the 35 OEP airports allowing almost a million more operations annually. The OEP currently includes seven more runway projects (six new runways and one runway extension) that will be commissioned in the next five years allowing these airports to accommodate an additional 840,000 operations annually. Taken together, these 15 runway projects represent a 12 percent increase in capacity over the decade from 1999 through 2008.

Last year, we assembled a team to take a comprehensive look at the future capacity of the nation's airports and metropolitan areas, under what we called the Future Airport Capacity Task or "FACT". Based on this review, we estimate that, over the long-term, approximately 5 percent of the nearly 300 airports analyzed will require additional capacity in the next 10 to 15 years. In the near term, the study recognized, in addition to O'Hare, that the Atlanta, Newark, LaGuardia and Philadelphia airports have significant capacity challenges due to airfield configuration, airspace limitations or the volume of operations. Atlanta is currently constructing a new runway that is expected to open in 2006, and, while Philadelphia has long-term plans to redevelop the airfield, it has an interim project to extend a runway that is now under environmental review. Newark and

LaGuardia do not have any current plans to construct new runways. Any immediate capacity improvements there would be based on procedural and technological developments.

New runway construction and runway extensions are the most effective method of increasing passenger throughput, or "arrival and departure rates". Because the 35 OEP airports account for 73 percent of all passenger enplanements, by increasing the throughput at these major airports, we affect the entire system. At the same time, we know that runways are just one part of the solution and cannot maximize capacity alone. For example, studies have shown that 40 to 60 percent of the projected capacity gained from new concrete can be lost without the necessary changes to terminal and en route airspace. The OEP is focused on attaining the maximum capacity increases from a new runway. It provides a coordination mechanism to ensure that all procedures, navigational equipment, and pilot and controller training are ready when new runways are opened.

A second critical element of the OEP is our ongoing National Airspace Redesign (NAR). The U.S. airspace has remained largely unchanged while technology, demand, and diversity of aircraft using the system have advanced. The NAR is a multi-year initiative to review, redesign, and restructure the nation's airspace to meet the increasing operational demands on the national airspace system. This effort is addressing, both locally and system-wide, the congestion, complexity and limited departure points in the current airspace that restrict operations.

Recent airspace redesign has proven valuable in several critical regions of the country. For instance, because airspace between Chicago and New York often clog capacity, we created new sectors to mitigate these bottlenecks. Also, a new departure route at Philadelphia has increased aircraft departures to the west. Modeling to support this new route projected departure increases of up to 4 to 5 aircraft an hour, thus reducing delays at a critical east coast hub airport. Moreover, two off-shore radar sectors initiated for New York Center have permitted 65% of departures that normally would have been delayed or cancelled due to severe weather to leave on time.

Recognizing that there are limited resources, the OEP also examines solutions that would make use of existing systems, especially aircraft avionics. At the same time, we continue to pursue new technology that brings capacity enhancements. For example, we

are providing improved weather products to air traffic control facilities that can help our controllers minimize traffic flow disruption from fast moving weather by optimizing safe routes that avoid the storm. A conflict probe is operational at half of our air route traffic control centers that allows controllers to move flights more efficiently between airports. Also, controllers at seven of our facilities, including O'Hare beginning late next year, can sequence arriving and departing aircraft with technology known as Traffic Management Advisor (TMA), which provides controllers with better information about aircraft arrival times (for both on-time and delayed aircraft) and the sequencing necessary to accommodate aircraft operations. At each location where TMA is now in use, we get a three to five percent increase in capacity. All of these tools ultimately reduce delays.

For the development of longer-term plans and concepts, the JPDO will coordinate goals, priorities, and research activities within the Federal Government as well as with U.S. aviation and aeronautical firms to create a National Plan – a roadmap for our future aviation system in furtherance of the Next Generation Air Transportation System Initiative. In developing the National Plan, which is due this fall, the JPDO will establish the 2025 target and capture the major priorities that represent the coordinated decisions of member agencies. While these decisions will be in broad four-to-five year windows, it will be the individual agencies that will prioritize the specific projects and programs needed to carry out their individual portions of the National Plan.

Both the Secretary and I believe that the combination of these plans and programs will position us to meet future needs of the system. This would not be possible without the unprecedented commitments of support provided by the Departments of Defense, Commerce, and Homeland Security, NASA and the White House Office of Science and Technology Policy. These efforts represent unprecedented collaboration among all aviation system stakeholders ranging from government to industry.

At the forefront of the National Plan's goals for the future air transportation system, is the goal of increased capacity. While we are still building the plan that will take us to 2025 and beyond we expect to see an "early victory" for future capacity. As you know full well, weather creates significant delays—delays that we can't eliminate but delays that can be "managed" with skill, technology and procedures. To this end, the JPDO is developing an Integrated Plan for Aviation Weather, the first step toward

bringing all of these efforts together for maximum benefit. We are encouraged by this early success but it represents a fraction of the work that must be done to maintain our leadership role in aviation and to create the infrastructure for the future system.

In conclusion, Mr. Chairman, I can assure you, on behalf of the Secretary, that we will closely monitor the changing situation at O'Hare Airport and at other critical facilities in our system so that we will use all tools available to us to safely and efficiently manage air travel demand. Both the Secretary and I believe that the combination of both near-term and long-term plans will well position us to meet the future needs of the system.

That completes my statement. I would be happy to answer any questions you, or Members of the Subcommittee, may have.

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